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LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

朸濬國際集團控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1355)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by Legend Strategy International Holdings Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

With a view to achieving breakthroughs in the long-term depression of budget hotel business and bringing returns to the shareholders, the board of directors (the "**Board**") of the Company has been continually reviewing the Group's existing business and investment. The Board wishes to inform the shareholders and potential investors that the Group has recently ceased two hotel construction in progress projects located respectively in Huizhou (the "**Huizhou Project**") and Buji (the "**Buji Project**", together with Huizhou Projects, the "**Projects**") in Guangdong Province of the People's Republic of China (the "**PRC**") in order to avoid further capital injections into the Projects which are expected not to deliver positive contribution to the Group.

The carrying amounts of the investment in the Huizhou Project and the Buji Project as shown in annual report for the year ended 31 December 2015 were approximately HK$15,600,000 and HK$14,380,000 respectively. In addition, due to the early termination of the leases relating to the Projects, a sum of HK$530,000 (representing the aggregate amounts of deposit paid by the Group) has been forfeited. As the result of the cessation of the Projects, a write off or provision (both are non-cash items) for the Projects would be necessary, and consequently, a significant loss for the Group for the period ending 30 June 2016 would be expected. Despite the effect of the abovementioned factors, the Board is of the view that the Group's overall financial position is still healthy and remains positive on the long term prospect of the Group.

As at the date hereof, the Group is still ascertaining the amount of loss for the period ending 30 June 2016.

Apart from the cessation of the Projects, as disclosed on 21 April 2016, the Group is assessing a new business opportunity in relation to a possible acquisition of certain interests in a hotel in Sichuan Province, the PRC. The management would continue to review its existing businesses and investments, explore new investment opportunities and may reallocate resources to businesses which are in line with the Group's development strategy and will enhance the shareholders' value.

The information contained in this announcement represents only an assessment by the Board based on the information currently available, which has not been audited or reviewed by the auditors of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Legend Strategy International Holdings Group Company Limited
Huang Yun
Executive Director

Hong Kong, 20 May 2016

As at the date of this notice, the Board comprises:

Executive directors:	Mr. Huang Yun Mr. Dai Lifeng
Non-executive director:	Mr. Law Fei Shing
Independent non-executive directors:	Mr. Chung Wai Man Mr. Leung Siu Hong Mr. Tso Hon Sai Bosco